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TUESDAY, SEPTEMBER 23, 2003 | (202) 514-2008
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FORMER SENIOR OFFICERS OF LAS VEGAS INTERNET COMPANY PLEAD GUILTY

WASHINGTON, D.C. – Assistant Attorney General Christopher A. Wray of the Criminal Division and U.S. Attorney Paul J. McNulty of the Eastern District of Virginia announced today that two senior executives of PurchasePro.com, a defunct, publicly traded company headquartered in Las Vegas, Nevada, have entered guilty pleas in connection with a corporate fraud investigation.

At a hearing at U.S. District Court in Alexandria, Virginia, this morning, Jeffrey R. Anderson, former Senior Vice President of Sales and Strategic Development, pleaded guilty to conspiracy to commit wire fraud stemming from his participation in a scheme to inflate PurchasePro's sales revenue for the fourth quarter of 2000 and the first quarter of 2001. Yesterday, Scott H. Miller, the former Controller and Senior Vice President of Finance, pleaded guilty to impeding and obstructing a federal criminal investigation.

PurchasePro was engaged in the sale of computer software, including a so-called business-to-business "marketplace license." This license allowed small and large businesses to buy and sell products on the Internet, to participate directly in PurchasePro's own web-site based marketplace, or to create their own branded marketplace using PurchasePro's software.

Anderson, 36, of Plano, Texas, was charged in a one-count criminal information filed today in the U.S. District Court in Alexandria. According to the statement of facts and the criminal information filed in this matter, Anderson and his co-conspirators, including other senior officers at PurchasePro and an employee of a major media company headquartered in the United States, conspired to falsely inflate the revenue that PurchasePro recognized and announced to the investing public from the sale of PurchasePro marketplace licenses. Specifically, Anderson and his co-conspirators falsely inflated by a material amount the revenue reported by PurchasePro to the investing public and in its filings with the U.S. Securities and Exchange Commission for PurchasePro's fourth quarter of 2000 and PurchasePro's first quarter of 2001. A substantial amount of the reported revenue was earned from marketplace license sales improperly recognized as revenue because Anderson and his co-conspirators had achieved the sales as a result of side agreements with the purchasers that had been kept secret from PurchasePro's outside auditors and the investing public.

In furtherance of the conspiracy, PurchasePro had a warrant agreement with the media company that allowed the media company to "earn" a total of $30 million worth of PurchasePro warrants. In exchange for the $30 million worth of warrants, at least half of which were earned when PurchasePro provided to the media company false credits for referrals, the media company agreed to reward PurchasePro with revenue in future quarters. An employee of the media company and others then entered into secret side agreements with the media company's partners and suppliers, resulting in their purchase of marketplace licenses in the first quarter of 2001, in an effort to help PurchasePro meet its revenue objectives.

Miller, 44, from Las Vegas, was charged with an obstruction of justice offense that was recently enacted as part of the Sarbanes-Oxley Act. Miller failed to turn over PurchasePro-related documents responsive to an SEC subpoena, lied to the SEC under oath about his production of such documents, and then after being asked by the government in February 2003 to preserve any PurchasePro-related documents, attempted to delete permanently such documents from his laptop and shredded paper copies of other PurchasePro-related documents. Miller deleted and shredded the PurchasePro-related documents with the intent to impede, obstruct, and influence both a criminal investigation relating to PurchasePro in the Eastern District of Virginia and a formal investigation relating to PurchasePro by the SEC, according to the court documents.

"These guilty pleas, and the cooperation from the defendants that they require, are an important step in this ongoing investigation," said Assistant Attorney General Wray. "Schemes between companies or their employees to hide the truth about their transactions from shareholders and the investing public will continue to come under our scrutiny. And efforts to obstruct such investigations, whether conducted by the Department or by our Corporate Fraud Task Force partners like the SEC, will not be tolerated."

Mr. McNulty said, "Mr. Anderson has acknowledged his role in a wide-spread conspiracy to inflate PurchasePro's publicly-reported revenue, to sustain PurchasePro's appearance as a growing, successful Internet company and to meet revenue estimates. These actions were not only unethical, they violated federal laws. In short, you cannot cook the books to make it look like you earned more money than you really did. That is illegal."

Anderson faces a maximum prison term of five years and a fine of up to $250,000. In addition, Anderson has agreed to pay full restitution to the victims of his offense. Miller faces a maximum prison term of 20 years and a fine of up to $250,000. Anderson and Miller also have agreed to cooperate with the government's ongoing investigation.

In addition to the criminal informations filed this week, the SEC today filed civil actions against Anderson and Miller.

The investigation is ongoing and is being conducted by the Federal Bureau of Investigation. The case is being prosecuted by Assistant United States Attorneys Claudius B. Modesti and Charles F. Connolly, and Adam A. Reeves, Trial Attorney with the Fraud Section, of the United States Department of Justice Criminal Division.

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